99TH CONGRESS
2d Session

SENATE

EXEC. REPT.
99-23

REQUEST FOR ADVICE AND CONSENT TO WITHDRAWAL OF A RESERVATION MADE TO THE 1975 PATENT COOPERATION TREATY

SEPTEMBER 18 (legislative day, SEPTEMBER 15), 1986.—Ordered to be printed

Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany Treaty Doc. 98-29]

The Committee on Foreign Relations, to which was referred a request for Advice and Consent to withdraw a reservation declaring that the United States would not be bound by the provisions of Chapter II of the Treaty made when the United States deposited its instrument of ratification for the Patent Cooperation Treaty with the World Intellectual Property Organization on November 26, 1975, having considered the same, reports favorably thereon without amendment and recommends that the Senate give its advice and consent to ratification thereof.

PURPOSE

The purpose of this request is to permit the President to withdraw a reservation entered by the United States to the Patent Cooperation Treaty.

COMMITTEE RECOMMENDATIONS

In 1975 the United States became a party of the Patent Cooperation Treaty. In accordance with the terms of the treaty, it entered a reservation to Chapter II. Chapter II gives applicants additional time to perfect their patents. They are also provided with an international preliminary examination report, thereby allowing them to select with care the countries in which they ultimately decide to proceed. The principal reason for the U.S. reservation was the then-prevailing opinion that the divergent patent examining methods and systems of other potential member countries made adherence impracticable. The private sector believes that the best inter-

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ests of the United States would now be served by withdrawing the reservation. The Department of Commerce and the U.S. Patent and Trademark offices concur in the view of the private sector and join with the Department of State in supporting withdrawal of the reservation.

Committee Action

The Committee held a hearing on the request for advice and consent to withdrawal of the reservation on June 11, 1986. Testimony was received from Administration and private witnesses. On September 9th the Committee ordered reported a resolution of ratification by a vote of 15–0. Voting in the affirmative were Senators Lugar, Helms, Mathias, Boschwitz, Pressler, Murkowski, Trible, Evans, Pell, Biden, Sarbanes, Zorinsky, Dodd, Eagleton and Kerry.

Background

The Department of State furnished the Committee with the following background to this request:

The Patent Cooperation Treaty (28 UST 7645, TIAS 8733), to which the United States and 35 other countries are parties, offers several major advantages to patent applicants. A copy of the Treaty and a list of all member States are attached as Annexes. The Treaty simplifies the filing of patent applications on the same invention in different member countries by providing centralized filing procedures and a standardized application format. The Treaty also gives applicants additional time to evaluate their inventions before they incur the major expenses of translation, filing fees, and patent prosecution in each country.

The Treaty consists of eight chapters, but only chapters I and II are substantive in nature. Chapter I affords applicants a period of 20 months from the earliest filing date to which their international applications are entitled—also known as the priority date—before they must undertake the costs associated with national patent processing. During this period, applicants obtain an international search report to help them decide whether to proceed with patent prosecution after the 20th month in the countries they chose.

International search reports are prepared by International Searching Authorities, which are national or regional patent offices of parties to the Treaty appointed by the Assembly of the Patent Cooperation Union. The Assembly is composed of all States parties. United States nationals have the opportunity to avail themselves of two International Searching Authorities—the U.S. Patent and Trademark Office and the European Patent Office. The choice of which Authority to use is normally based on the geographical location of the countries in which an applicant desires patent protection.

Chapter II of the Treaty offers a supplement to chapter I. While chapter I applies to all international applications, chapter II is completely optional. Applicants electing to proceed under that chapter are given additional time before incurring the costs of patent processing and are provided with an international preliminary examination report which evaluates their invention on the basis of the information cited in the earlier international search report. The international preliminary examination reports are prepared by International Preliminary Examining Authorities which, like International Searching Authorities, are national or regional patent offices of contracting States and are also appointed by the Assembly of the Patent Cooperation Union. The European Patent Office, for example, is such an Authority.

The time limit for entering the national stage under chapter II is presently five months longer than under chapter I. Thus, applicants electing to proceed under chapter II are given 25 months from the priority date of their international application before they must incur the expenses of translation, filing fees and patent prosecution in each country. Through a recent decision of the Assembly of the Patent Cooperation Union, this time limit will be extended from 25 to 30 months, beginning January 1, 1985. This additional time will permit applicants to better evaluate the strength of their potential patents and the commercial interest in the products involved, thereby allowing them to become even more selective of the countries in which they ultimately decide to proceed. However, to take advantage of the benefits of chapter II, applicants must normally be nationals of States which are bound by chapter II. Also, they can avail themselves of these benefits only in countries adhering to chapter II.

When depositing its instrument of ratification with the World Intellectual Property Organization in 1975, the United States made three declarations, one of which was a reservation under Article 64 (1) (a) of the Treaty to the effect that it would not be bound by the provisions of chapter II. Of the present 36 parties to the Treaty, only five others, Denmark, Republic of Korea, Liechtenstein, Norway and Switzerland, are not bound by chapter II.

The principal reason the United States did not adhere to Chapter II in 1975 was the prevailing opinion that divergent patent examining methods and systems of different International Patent Examining Authorities would make reliance on foreign-generated international preliminary examination reports impracticable. Also, it was thought that since the Patent Cooperation Treaty, as a whole, represented a novel departure from the patent granting procedure practiced until then, it would be prudent first to gain some experience with its mechanism under chapter I, before accepting additional responsibilities under chapter II.

Efforts to harmonize patent processing procedures on an international scale, such as the coming into force of the European Patent Convention, have largely eliminated the concern that international preliminary examination reports generated abroad would be of questionable use in the examination process of the U.S. Patent and Trademark Office. Further, experience gained with the operation of the Treaty since it entered into effect on June 1, 1978, has shown that its

procedures under chapter I could easily be integrated with the patent granting process of purely national applications in the U.S. Patent and Trademark Office. Also, without adversely affecting other operations, the U.S. Patent and Trademark Office has assumed the functions of a Receiving Office and an International Searching Authority for international applications filed by U.S. nationals.

Should chapter II of the Treaty become effective for the United States before 1987, however, the U.S. Patent and Trademark Office would rely upon the European Patent Office to act as its International Preliminary Examining Authority. This is solely due to the fact that the U.S. Patent and Trademark Office is presently engaged in a concentrated effort to reduce the pendency of patent applications to 18 months. This goal will be attained in 1987, and the U.S. Patent and Trademark Office will then be prepared to assume all functions under chapter II. Subject to some conditions acceptable to the Department of Commerce, the European Patent Office has informally agreed to act as an International Preliminary Examining Authority for applicants who are U.S. nationals. After 1987, U.S. applicants would have the choice of using either the U.S. Patent and Trademark Office or the European Patent Office as an International Preliminary Examining Authority. A major portion of the patent granting process in the European Patent Office could be completed under chapter II without the need to obtain the professional services of local counsel. As a consequence, this option would be financially attractive to U.S. applicants.

Since its entry into force in 1978, an increasing number of applicants have used the Patent Cooperation Treaty because of the advantages it offers. United States applicants are the largest users by far. Of a total of 5,050 international applications filed in 1983, 2,070 originated in the United States.

Adherence to chapter II of the Patent Cooperation Treaty has assumed direct and immediate importance to the United States. Adherence would be in the interests of industry and independent inventors alike because of the patent applicants' opportunity to evaluate, on the basis of international preliminary examination reports, the scope of protection they would likely receive in the various countries in which they have chosen to obtain patents. This evaluation could be made before having to undertake the significant financial commitments associated with national patent processing.

Of equal importance would be the additional time afforded by chapter II for applicants to determine the commercial value of their inventions, without first incurring expenses which later could prove to have been unwarranted. As a consequence, adherence to chapter II would in great measure enhance the obtaining of foreign patent protection by U.S. nationals.

Under Article 64(6)(b) of the Treaty, declarations containing reservations may be withdrawn at any time by notification to the Director General of the World Intellectual Property Organization. This recommendation, to withdraw the U.S. reservation not to be bound by chapter II of the Treaty, has been endorsed by the Patent, Trademark and Copyright Law Section of the American Bar Association, the American Intellectual Property Law Association, and the New York Patent, Trademark and Copyright Law Association.

TEXT OF RESOLUTION OF RATIFICATION

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Request for Advice and Consent to withdraw a reservation declaring that the United States would not be bound by the provisions of Chapter II of the Treaty made when the United States deposited its instrument of ratification for the Patent Cooperation Treaty with the World Intellectual Property Organization on November 26, 1975.

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